

# Procurement Strategy

Wakefield One

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Wakefield Council Constituencies: Horbury, Bridge, Kirkhamgate, Woodhouse, Gawthorpe, Durkar, Agbrigg, South Hindley, Lupset, Horbury, Walton, Woodhouse, Peacock, Newmillerdam, Ossett, Silcoates, Thornes, Netherthorpe, Horbury Junction, Flashhaw, Wetherby, Thorne, Horbury, Junction, Partridge, Horbury Junction.

January 2019 - March 2020



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**Wakefield district:** people thrive, businesses succeed and visitors are welcome.

# Our Priorities

## Successful businesses

Growing a higher value economy and creating good jobs.

## Successful places

Celebrating a unique cultural offer and creating vibrant communities that are better connected.

## Successful council

Ambitious, enterprising, dedicated and efficient in delivering excellent services.

## Successful people

Reducing inequalities, growing skill levels, enabling a good quality of life and supporting families.

**“Excellence in strategic procurement will drive and underpin our ambition to be a successful council - through innovation and maximising the impact of our spend in achieving successful places, successful people and successful businesses.”**



**The Wakefield Way** - The principles that underpin how we work are:

- We help people help themselves
- We are business-minded and socially responsible
- We provide a positive customer experience
- We tackle poverty
- We keep people safe at times of vulnerability
- We are forward thinking
- We intervene early
- We have real impact
- We champion good growth



(Figure 1)

# 1. Executive Summary

**1.1** Procurement is the process by which we obtain goods, services and works, but this is more than just purchasing. The procurement process covers the full life cycle of activities starting with the identification of needs, through to evaluation, purchasing and contract management. Procurement can range from purchasing day to day commodities to purchasing key strategic items such as large capital assets, or commissioning a service or buying an entire service.

**1.2** This document outlines the overarching procurement initiatives to be rolled out across the Council by March 2020. The initiatives will transform the Council's approach to procurement and include:

- Embedding Social Value in to the Council's procurement procedures
- A new approach to category management
- Agile Procurement.

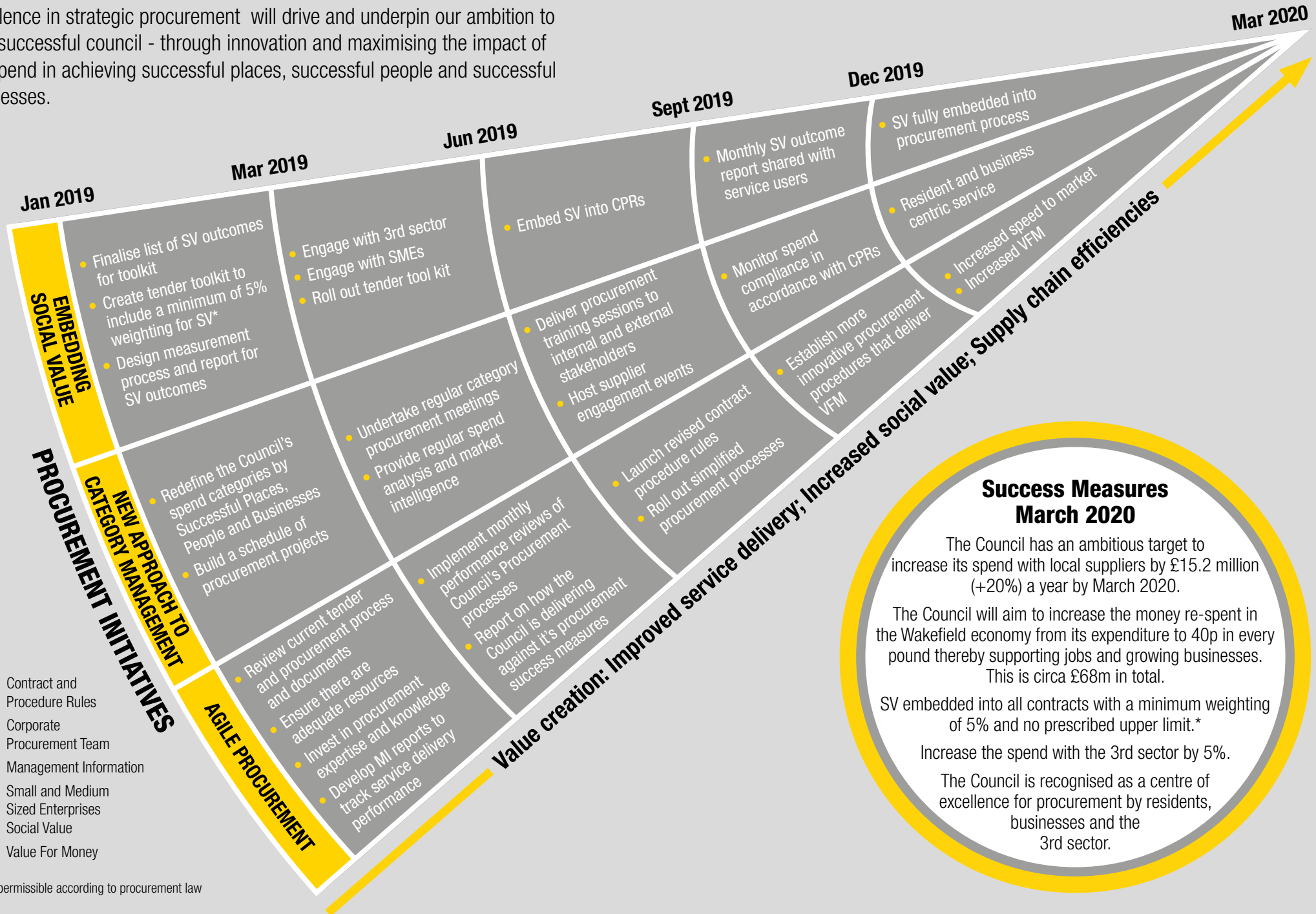
**1.3** The Procurement initiatives will be fully implemented by March 2020. A full review of the initiatives will take place after this date to ensure they are still relevant to the Council's priorities.

**1.4** The procurement strategy outlined in this document is one of the underpinning strategies that supports the Council's priorities.



# Procurement Strategy

Excellence in strategic procurement will drive and underpin our ambition to be a successful council - through innovation and maximising the impact of our spend in achieving successful places, successful people and successful businesses.



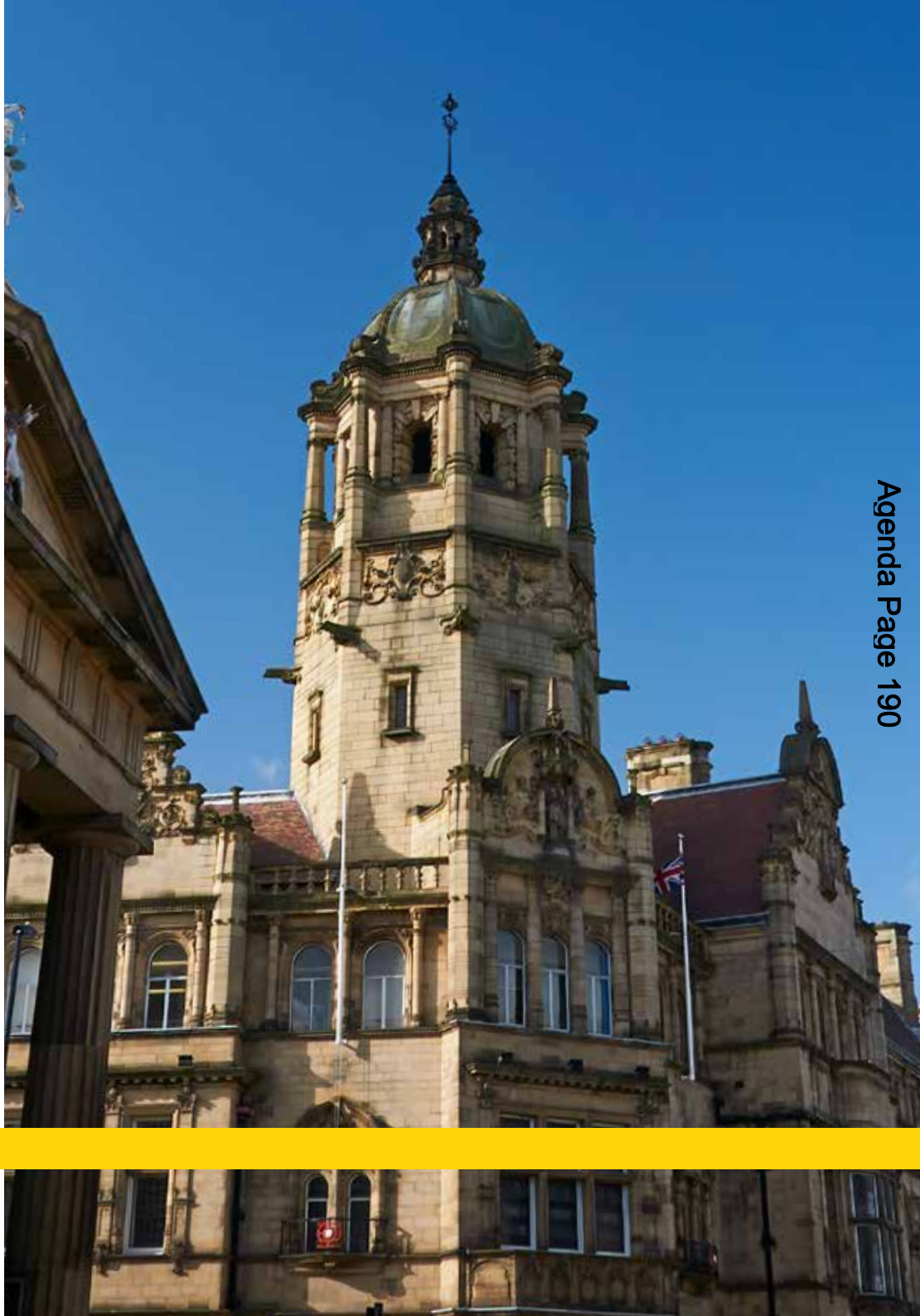
- CPRs** Contract and Procedure Rules
- CPT** Corporate Procurement Team
- MI** Management Information
- SMEs** Small and Medium Sized Enterprises
- SV** Social Value
- VFM** Value For Money

\*Where permissible according to procurement law



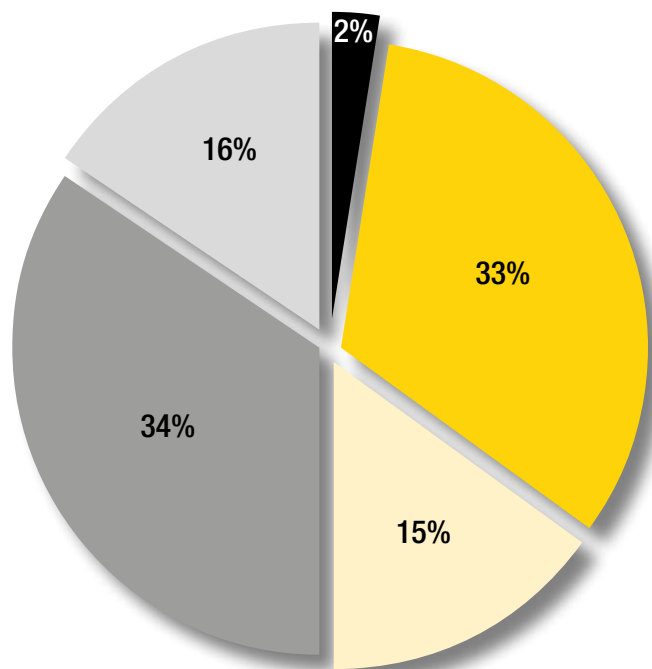
## 2. Current Position

- 2.1** The Council understands the importance of having an up to date Procurement Strategy which can deliver against its current priorities of Successful Businesses, Successful People, Successful Places and Successful Council (see figure 1).
- 2.2** Procurement forms part of almost every service the Council delivers in the Wakefield District (the District) and therefore is a key function within the Council.
- 2.4** Our vision for Wakefield is to help people thrive, to help businesses succeed and to ensure that visitors are welcomed. The Wakefield Way (see figure 1) are the principles by which this is achieved:
- We help people help themselves
  - We are business-minded and socially responsible
  - We provide a positive customer experience
  - We tackle poverty
  - We keep people safe at times of vulnerability
- We are forward thinking
  - We intervene early
  - We have real impact
  - We champion good growth.
- 2.5** The Council spends on average £260 million per year, working with over 4,800 suppliers, to provide goods, services and works to the residents of the District.
- 2.6** The Council received 54% less Government grant funding in 2018 than in 2010. Procurement, therefore, has big role to play in unlocking significant value and efficiencies to the Council.
- 2.7** The Council is facing financial pressures including increasing costs of Adult and Children's Social Care, inflation, and other potential inflationary factors as yet unknown caused by the UK leaving the European Union (EU).

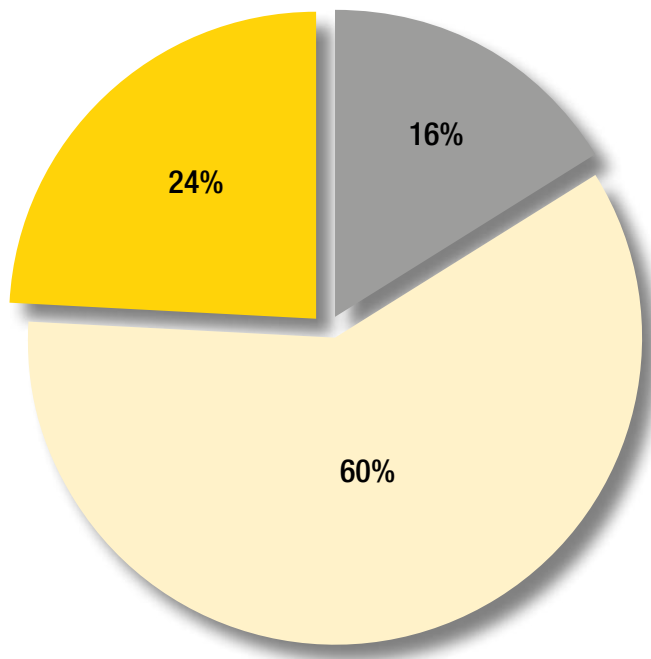


**2.8** Below is a breakdown of the Council's expenditure (Circa £260 million) in the financial year ending 31 March 2018.

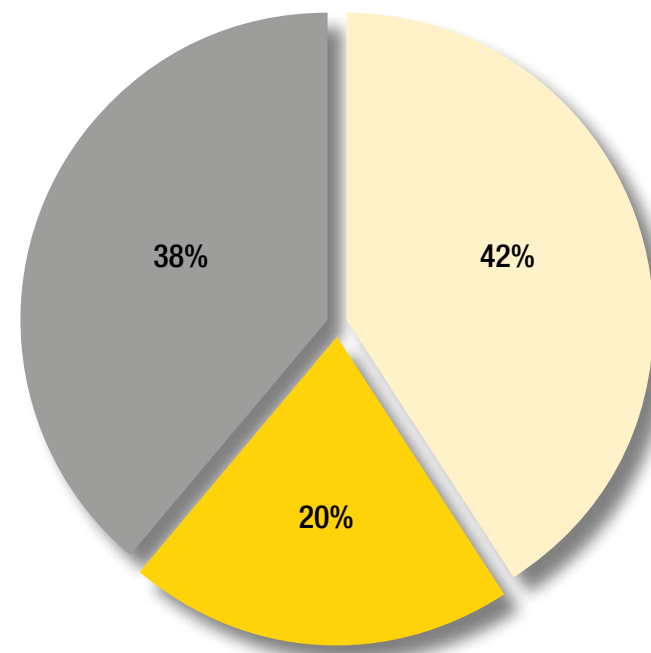
**Successful Places**



**Successful People**



**Successful Business**



|   |             |
|---|-------------|
| ■ Transportation and Movement             | £15,649,026 |
| ■ Culture                                 | £2,559,655  |
| ■ Environment                             | £32,789,095 |
| ■ Highways and Infrastructure             | £15,112,774 |
| ■ Construction, Property and Regeneration | £34,665,667 |

|   |             |
|---|-------------|
| ■ Children & Young People and Education | £32,129,079 |
| ■ Health and Wellbeing                  | £21,532,276 |
| ■ Adults                                | £79,478,309 |

|                         |            |
|-------------------------|------------|
| ■ ICT                   | £8,435,919 |
| ■ Business Services     | £9,167,779 |
| ■ Professional Services | £4,320,483 |

**2.9** The Council's spend has been divided by which service, goods or works is being procured and not by which Service Area is commissioning the service, goods or works.

**2.10** Here is the Council's Supplier Spend data from the financial year ending 31 March 2018. SMEs are defined by the Council as Small and Medium-Sized Enterprises with fewer than 250 employees.

|  | <b>Number of Suppliers</b> | <b>Percentage of total supplier base</b> | <b>Value of Contracts</b> |
|--|----------------------------|--|---------------------------|
| <b>Total number of local SMEs &amp; value of spend</b>     | 1343                       | 32.73%                                   | £68,049,292               |
| <b>Total number of not local SMEs &amp; value of spend</b> | 2760                       | 67.27%                                   | £89,860,083               |
| <b>Total number of SMEs</b>                                | <b>4103</b>                | <b>100.00%</b>                           | <b>£157,909,375</b>       |

|   |            |                |                     |
|---|------------|----------------|---------------------|
| <b>Total number of large local suppliers &amp; value of spend</b>   | 92         | 11.17%         | £8,094,035          |
| <b>Total number of large not local suppliers and value of spend</b> | 732        | 88.83%         | £93,295,975         |
| <b>Total number of suppliers and value of spend</b>                 | <b>824</b> | <b>100.00%</b> | <b>£101,390,010</b> |

|   | <b>Number of Suppliers</b> | <b>Percentage of total spend</b> | <b>Value of Contracts</b> |
|---|----------------------------|----------------------------------|---------------------------|
| <b>Total number of suppliers with contracts £25,000 and under</b>   | 4408                       | 16.30%                           | £42,267,267               |
| <b>Total number of suppliers with contracts £25,001 - £99,999</b>   | 333                        | 17.58%                           | £45,578,989               |
| <b>Total number of suppliers with contracts £100,000 - £250,000</b> | 120                        | 15.67%                           | £40,631,102               |
| <b>Total number of suppliers with contracts £250,000 upwards</b>    | 66                         | 50.45%                           | £130,822,027              |
| <b>Total number of suppliers total value of spend</b>               | <b>4927</b>                | <b>100.00%</b>                   | <b>£259,299,385</b>       |



### 3. Embedding Social Value in Procurement Procedures

- 3.1** Social Value is the positive impact an organisation has further to the activities it carries out. These can be economic, social and environmental impacts. In some business sectors this also referred to as Sustainability and Corporate Social Responsibility (CSR).
- 3.2** On 31 January 2013 The Public Services (Social Value) Act 2012 (SVA) came in to effect [http://www.legislation.gov.uk/ukpga/2012/3/pdfs/ukpga\\_20120003\\_en.pdf](http://www.legislation.gov.uk/ukpga/2012/3/pdfs/ukpga_20120003_en.pdf) The SVA requires that the Council consider how a procurement could improve the economic, social and environmental wellbeing of the District and how, in conducting the procurement, the Council might act with a view to securing such improvement. The obligation under the SVA is to consider Social Value in the pre-procurement phase, which means that thought should be given to improving Social Value at the commencement of the Council's commissioning process. The SVA applies to the procurement of services contracts over the relevant EU thresholds (outlined in PCRs) only. The Council amended its procurement procedures to reflect its obligations under SVA; however, the Council goes beyond the requirements of the SVA by requiring that Social Value is considered during the pre-procurement phase of every procurement exercise relating to a contract with a value in excess of £25,000 (i.e. contracts relating to goods, works and concessions as well as services).
- 3.3** The Council recognises that Social Value can significantly help it in meeting its priorities and aspirations for the District by reducing poverty through supporting good jobs, better incomes and wellbeing, increased skill levels, higher value economy, higher productivity levels, a great place and cultural offer. This is also outlined in the Economic Strategy <http://www.wakefield.gov.uk/economicstrategy>



**3.5** Research has shown the Council has some excellent examples where Social Value is being delivered through its procurement of contracts relating to goods, services and works.

**3.6** Our research also highlighted that Social Value is not being delivered consistently across the Council. It was acknowledged that the only way to achieve this is with a standardised approach to how Social Value is embedded in to specifications for the procurement of services, goods or works.

**3.7** The Council will seek to further embed consideration of Social Value in the procurement of contracts above £25,000 in value. With every purchase under £25,000 which is subject to low value provision of Contract Procedure Rules *CPR* <http://www.wakefield.gov.uk/Documents/procurement-tendering/contract-procedure-rules.pdf> local suppliers must be used wherever possible.

**3.8** When considering weightings used in respect of the evaluation of tenders relating to contracts with a value above £25,000 there will be no prescribed upper limit on the Social Value weighting. Subject to the requirements of Procurement Law the Council will include a minimum of 5% weighting to Social Value in every tender.

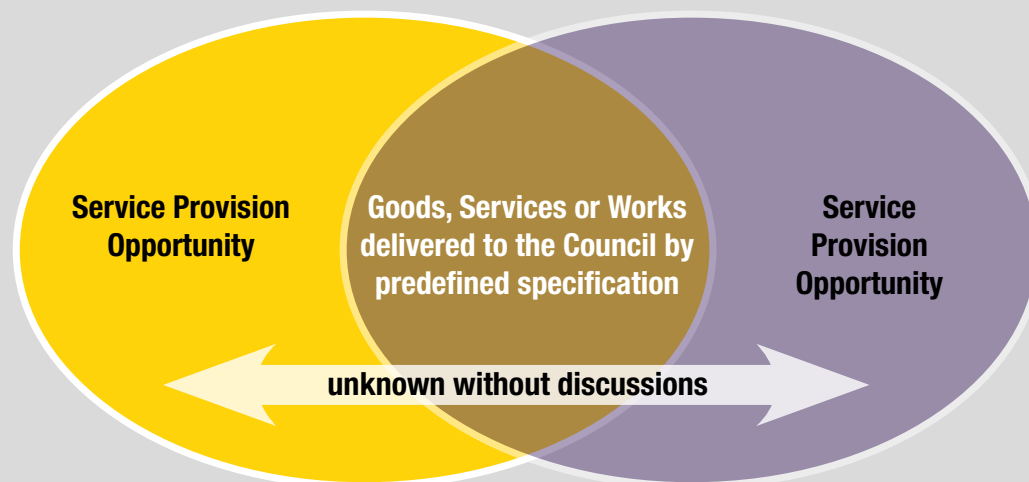
**3.9** The council will design a toolkit to enable commissioners and procurers to apply the same approach to considering and including Social Value in their procurements.

**3.10** Consideration will be given to the value and duration of the contract. Type of goods, services or works being procured will have a bearing on how much Social Value can be achieved.

## Supplier Enabled Innovation

Suppliers' Capabilities

Council's Service Requirements



**This is a co-production process where full knowledge of the supplier/contractors capabilities and potential service provision becomes visible to the Council. Maximum value for money can only be achieved where dialogue between the Council and potential service providers takes place early in the procurement process.**

**3.11** It is best practise to hold discussions early in the procurement cycle with the supplier base to talk about the specification of the services, goods or works being procured. This is sometimes referred to as soft market testing.

**3.12** Suppliers and contractors are generally experts in the service, goods or works they provide and will have a full understanding of their own capabilities. By taking a collaborative approach with the supplier base it will allow time to unlock any opportunities previously not considered by the service area. This is known as Supplier Enabled Innovation (SEI). This approach may not be relevant to all procurements made by the Council.

**3.13** The social value toolkit will ensure Social Value is considered and embedded at the pre-procurement phase of the procurement process and, where appropriate, to apply Social Value to the procurement process to ensure it is compliant with Procurement Law. Guidance notes on the wording of questions in the procurement process will be provided in the toolkit.

**3.14** The following table describes the main Social Value deliverables:

| Council Priorities           | Deliverables                                    |
|------------------------------|---|
| <b>Successful Businesses</b> | Job creation and retention                      |
|                              | Increased spend in local economy                |
|                              | Third sector development                        |
|                              | Enhanced re-spend by suppliers in local economy |
| <b>Successful People</b>     | Improved skills                                 |
|                              | More equal, diverse and healthier workforce     |
| <b>Successful Places</b>     | Improved environment                            |
|                              | Reduced crime and fear of crime                 |
|                              | Enhanced volunteering and VCSE engagement       |
|                              | Sustainable procurement practices               |
|                              | Enhanced cultural offer                         |





- 3.15** To realise the full benefits of Social Value, it is important to ensure that Social Value deliverables are included in the contract as contractual requirements and delivered under the contract. Regular reports and updates to monitor and manage delivery of Social Value deliverables in accordance with the contract.
- 3.16** Social Value data will also be gathered through a survey issued to the suppliers from the Council.
- 3.17** The Council will make the monitoring of Social Value outcomes mainstream and part of its everyday contract management process.
- 3.18** To help roll out Social Value to the supplier base the Council will provide support and training to suppliers on how to bid on Wakefield Council contracts, an element of which will be how to embed Social Value in to bids.

## 4. A New approach to Category Management

**4.1** In the area of Procurement the Council delivers tactical, day to day, project management support for its service users and whilst the service provided is good there is an opportunity to provide a best-in-class procurement service which is much more strategic in its approach. Taking a collaborative approach which increases engagement with the service users on a day to day basis is one of the ways this will be achieved.

**4.2** The Council will change the way it manages its procurements by categorising its areas of spend in to Successful Businesses, Places and People (See table). This realignment will ensure the Council has the right level of resource in place to deliver an efficient and effective service to residents and businesses.

**4.3** Key to a successful Category Management process roll out is engagement with the service users and visibility of the benefits it will drive in their categories.

**4.4** Benefits of rolling out a Category Management process include improved visibility of spend, increased monitoring of Social Value impacts, increased efficiencies, improved compliance, better project management and forward planning, and up to date understanding of current procurement procedures.

|                              |   |
|------------------------------|---|
| <b>Successful Businesses</b> | ICT                                     |
|                              | Business Services                       |
|                              | Professional Services                   |
| <b>Successful People</b>     | Children & Young People and Education   |
|                              | Health and Wellbeing                    |
|                              | Adults                                  |
| <b>Successful Places</b>     | Transportation and Movement             |
|                              | Culture                                 |
|                              | Construction, Property and Regeneration |
|                              | Environment                             |
|                              | Highways and Infrastructure             |

**4.6** Procurement training sessions and forums will be delivered to providing the latest information about the Council's procurement projects, guidance on the latest contract procedure rules and support in becoming a bid ready supplier to the Council.

**4.7** At a procurement service user level, Category Management meetings will be arranged to understand the needs of the service area, build project pipelines and deliver procurements effectively. Spend data will also be reviewed in these meetings to support fact-based decisions e.g. influenceable and non-influenceable spend.

**4.8** The full list of internal procurement services the Council delivers is as follows:

- Provide regular procurement training to officers, including sharing best practise via procurement forums with Commissioners and Procurers in the Council
  - Deliver consistent procurement category management across the Council i.e. review project pipelines and spend analysis
  - Provide procurement management information
  - Advise and support on the development of tenders, route to market and specifications
  - Advise and support on business cases, tender evaluation and options appraisals
  - Provide support for market engagement and supplier identification
- Support the development of procurement frameworks and commissioning, ensuring all 3rd party spend is managed and understood
  - Provide guidance and support to ensure all procurements adhere with procurement law
  - Provide input in to grant funding applications by the Council
  - Deliver procurement training for service providers and suppliers to the Council
  - Coordinate and moderate tender evaluation processes
  - Procurement project management
  - Support post-contract award supplier performance reviews
  - Provide detailed handover to the assigned contract manager post-contract award

**4.9** The Council is engaging with the voluntary sector to understand what services, goods or works they are capable of supplying the district.

**4.10** The Council will also play an active role in helping these third sector organisations become bid-ready to maximise their chances of success.

**4.11** The supplier engagement strategy for local businesses and SMEs will mirror the approach taken towards the voluntary sector and 'meet the buyer' events will be held and training will be provided to help suppliers get bid-ready. This piece of work will be done in collaboration with the Economic Growth and Regeneration Service and is aligned to the Wakefield Economic Strategy 2018 - 2023  
<http://www.wakefield.gov.uk/Documents/policies-procedures/economic-strategy.pdf>



**4.12** Supplier engagement will be targeted by business sector and this will be achieved through the creation of the procurement project pipelines, which will detail what the Council plans to buy, and when. This document will be created by the category managers in partnership with the service users and shared with businesses in the local area.

**4.13** As a founding member of the Yorkshire Purchasing Organisation (YPO), and the lead authority, the Council will work closely with the YPO to develop a procurement plan which delivers maximum value for money for the District.

**4.14** Market intelligence reports will be shared with the service areas on a regular basis and these reports will give insights in to areas such as product innovation, price benchmarking, commodity prices, supplier's financial resilience and other market conditions.



## 5. Agile Procurement

- 5.1** The Council will make the following changes to its procurement service to ensure it is modern and able to respond quickly to the needs of residents, businesses and the 3rd sector.
- 5.2** To support embedding Social Value and delivering an effective category management service, the Council will realign resources to specific Council priorities as outlined earlier in this document. Further investment may be required as the new category management approach is rolled out, but this will be reviewed ongoing.
- 5.3** As per the Council's People Strategy and its strategic goal of lifelong learning there will be continual investment in its procurement expertise in areas such as Chartered Institute for Procurement and Supply (CIPS), legal knowledge, project management, data analysis and negotiation skills. This investment will ensure the Council obtains maximum value for money.
- 5.4** Partnerships and collaboration with other local authorities, purchasing bodies and business will also be an important step in improving the service provided. Partnerships and collaborations include the Strategic Procurement Group (SPG), Local Government Association, Crown Commercial Services (CCS) and the Strategic Officer Advisory Group (SOAG) for the YPO.
- 5.5** The full suite of documents used to manage procurement in the Council will be reviewed to look for areas where the service lead times can be reduced, duplication of information removed and the process simplified. The Council will implement an annual cycle of continuous improvement to review its processes and this will include a review of the Council's Contract Procedure Rules (CPRs) with all internal stakeholders.
- 5.6** To deliver an agile and low friction service the Council will develop new easy to use procurement toolkits, become early adopters of new IT systems and have input to the development of the future tender portal which the Council will use.
- 5.7** The Council will generate a report on a monthly and annual basis to track performance and it will use the figures outlined in this report as a baseline. The measures in the report will include the following:
- Social Value outcomes
  - Efficiencies
  - Number of projects delivered on time
  - Service User satisfaction surveys
  - Supplier satisfaction surveys
  - Number of training workshops delivered
  - Number of Category Management and Procurement forum meetings
- Procurement project pipeline and major project updates
  - Spend on contract and without a contract in place

## 6. Governance

- 6.1** The Council's Contract Procedure Rules (CPRs) and procurement processes ensure adherence to its statutory and local obligations. More resilience will also be added to the Council's governance processes through implementing the three initiatives outlined in this document.
- 6.2** The CPRs will be reviewed on an annual basis, however if minor changes are required within the year then adjustment to procedures will be made. The Procurement forums with commissioners and procurers in the Council will be used as a method for briefing any changes to the procurement process thereby mitigating any risks.
- 6.3** The Council is developing an understanding of where there are slavery risks in the supply chain and will develop ways assessing these risks. This will also include ways of identifying second and third tier suppliers to the Council.
- 6.4** In March 2019 the UK will be leaving the EU. As a result of this there will inevitably be some changes required with how the procurement process is managed by the Council. At the point at which these impacts are known the relevant changes will be made and service users briefed.
- 6.5** The initiatives outlined in the Procurement Strategy seek to ensure that the Council's procurement function achieves maximum value for money, grows the local economy, and that the Council is compliant with its statutory obligations in accordance with the law relating to public procurement including the Public Contracts Regulations 2015 (PCRs) [http://www.legislation.gov.uk/uksi/2015/102/pdfs/uksi\\_20150102\\_en.pdf](http://www.legislation.gov.uk/uksi/2015/102/pdfs/uksi_20150102_en.pdf) and European Procurement Law (Procurement Law).





